

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814
(916) 322-5387



October 23, 1978

ALL-COUNTY LETTER NO. 78-47

TO: All County Welfare Directors

SUBJECT: Authorization for State Participation in FY 78/79 AFDC-BHI Rate Increases

REFERENCE:

The purpose of this letter is to provide advance information regarding emergency regulations expected to be filed in the near future to implement the provisions of Chapter 292 of the Statutes of 1978, Section 33(d) and 38(d) (SB 154). These sections provide for 95 percent state participation in the nonfederal share of AFDC-BHI payments for FY 78/79, not including those payments for AFDC-BHI rate increases negotiated subsequent to June 1, 1978, unless authorized by the Director of the Department of Social Services (DSS).

These emergency regulations will specify:

- 1) DSS policy for approving state participation in rate increases established by counties for FY 78/79;
- 2) Procedures and standards for submitting requests for state participation in FY 78/79 rate increases;
- 3) Reporting requirements for DSS monitoring of FY 78/79 AFDC-BHI rates.

Several counties have requested information on submitting requests for state participation in FY 78/79 rate increases. An outline of the concepts these emergency regulations are expected to be based upon is attached in order to expedite the processing of requests at the county level. Naturally, all final DSS actions taken on county requests will be in conformity with the regulations as adopted. However, counties who wish to do so may begin to prepare their requests in accordance with the attached concepts.

Please direct any questions you may have concerning the attached guidelines to your AFDC Management Consultant, AFDC Program Operations Bureau, (916) 445-4458.

Sincerely,

A handwritten signature in cursive script, appearing to read "Marion J. Woods".

MARION J. WOODS
Director

cc: CWDA

Enclosure

GUIDELINES FOR SUBMITTING REQUESTS FOR
AFDC-BHI RATE INCREASE APPROVALS

Intent:

Consistent with legislative intent in enacting the statutes of 1978, Chapter 292 (SB 154), it is DSS intent overall to maintain state participation at 95 percent of nonfederal costs of FY 77/78 AFDC-BHI payment levels. Requests for state participation in rate increases will be considered only on an exceptional basis. Routine cost-of-living increases will not be considered for state participation.

When DSS Approval is Required:

Any increase in the foster care rate for an existing foster care provider above the amount negotiated prior to June 1, 1978 must be approved by DSS prior to state reimbursement of the amount of increase. Excepted from this requirement, when established according to the county's rate structure and other cost guidelines for establishing rates under MPP 11-225 for FY 77/78, are the following: 1) the establishment of rates for new foster care providers, and 2) increases required solely to add a service component not previously covered at any level in the foster care provider's FY 77/78 rate (defined below as an expanded program). Definitions are as follows:

Definition of Negotiated

The term "negotiated" will be defined, for purposes of authorizing state participation in FY 78/79 AFDC-BHI rate increases, as any written agreement between the county responsible for establishing the rate under MPP 11-225.15 and the foster care provider.

New Foster Care Providers

A new foster care provider is one for which no contract or written agreement (e.g., SOC 154) existed between any county and the provider establishing a rate for care of and services for AFDC-BHI children within one year prior to June 1, 1978. Closure of an existing facility and immediate reopening under a new name with no change in services offered would not warrant consideration of the facility as "new".

Expanded Programs

A foster care program is "expanded" when: 1) a new service is to be reimbursed in an existing provider's FY 78/79 rate which was not reimbursed or provided during FY 77/78, 2) the costs for the service would be allowable under MPP 11-225, 3) a rate increase is requested due solely to the addition of this service component, and 4) any decrease or elimination of services which were provided and reimbursed in FY 77/78 rate are accounted for in determining the amount of the FY 78/79 rate. The definition of program expansion not subject to DSS approval would not include increasing the number of staff performing a service which had been provided at some level the previous year or expansion of capacity or facilities without the addition of a new service.

Rate Decreases

Rate decreases may be made without DSS approval. Any subsequent increase will be treated as any other increase, i. e., will require DSS approval in accordance with these guidelines.

County/State Responsibilities:

Counties are delegated responsibility for establishing foster care rates under MPP 11-225.2 and .3. The new legislation does not affect this responsibility. DSS will not accept, therefore, direct requests for rate increases from foster care providers. Counties are responsible for making determinations as to the appropriateness of rate increases. For those facilities for which it is determined rate increases are appropriate, counties are then responsible for submitting requests for state participation in the increase to DSS. Counties are also responsible for ensuring that county funds to meet the county share of any rate increases for FY 78/79 are available.

DSS will review and either approve or deny the requested increase. No adjustment in the requested increase will be made by DSS. Upon receipt of a request, and prior to DSS approval, the state reserves the right to audit any facility for which a request is made. Regardless of whether an audit of a facility is conducted, when unallowable costs appear to be included in the rate, state participation in the requested increase will be denied. Counties will remain subject to audit, regardless of DSS approval of a rate increase for state participation, and regardless of whether an audit of a facility for the specific purpose of the rate approval was made.

County Responsible for Making Request:

All requests for state participation in AFDC-BHI rate increases should be made by the county welfare director of the county in which the foster care provider is located (host county). When the host county does not utilize the foster care provider, documentation for a requested rate increase may be prepared by any county which utilizes the facility, but the request for state participation should be made by the host county on behalf of user counties.

All requests should indicate all counties which currently use the foster care provider. Named counties will be notified by DSS of the availability of state participation in the increased rate if the request is approved.

Effective Date:

State participation may be allowed in an approved rate increase from the effective date recommended by the county (but no earlier than July 1, 1978). However, if a county recommends an effective date prior to the date of the request, the recommendation should support why a retroactive effective date is necessary and fiscally prudent. Retroactive state reimbursement will not be permitted without adequate justification.

Justification for Rate Increase:

A request for state participation in an AFDC-BHI rate increase should specify both the previous and the proposed new rates. The request should include evidence to justify the rate increase on two bases:

1. Adverse impact on AFDC-BHI children.

The request should specifically indicate the adverse impact on AFDC-BHI children in the absence of a rate increase (e.g., impending closure of the facility or eviction of children that would seriously jeopardize placement plans, downgrading or elimination of services specified in placement plans, specific consequences of loss of services for AFDC-BHI children, etc.).

2. Fiscal Need.

The request should fully document the cost basis for the proposed increase. The amount and type of cost information needed to justify the request will vary according to the reason for the requested increase.

Documentation for requests for increases to foster family homes should include, at a minimum, the following:

- a) Historical pattern of rate increases to foster parents;
- b) Comparison of rates in surrounding and/or geographically and demographically similar counties; and
- c) Basis for component cost figures.

Documentation for requests for increases to institutions should include data such as:

- a) Whether the rate increase reflects an increase in total operating expenditures over the base upon which FY 77/78 rate was established;
- b) Whether increased operating expenditures are the result of cost increases beyond the provider's control and which are not due to noncompliance with preexisting standards or requirements;
- c) Whether costs within the provider's control can be reduced to cover increased expenditures, and the consequences of so doing;

Other data which should be included with requests are as follows:

- a) Number of counties which currently use the facility;
- b) Other funding sources available to the facility;

- c) Staffing ratios;
- d) Average number of AFDC-BHI children in placement;
- e) Average length of an AFDC-BHI placement during FY 77/78;
and
- f) County contact person.

Reporting:

Counties may wish to retain the following information for future reporting:

1. Rates in effect June 1, 1978 for each foster care provider for which an individual rate is set, and for groups of providers which receive the same rate.
2. Number of foster care providers receiving a group rate.
3. Number of children placed at each rate.
4. Rate increases negotiated prior to June 1, 1978 for each foster care provider for which an individual rate is set, and for groups of providers which receive the same rate.
5. Rate increases granted by the county subsequent to June 1, 1978 for which state approval was not obtained.
6. Rates established for new foster care providers/expanded programs by foster care provider for which an individual rate is set, and by group of providers which receive the same rate.
7. Number of requests from foster care providers for rate increases, other than those listed in #5, not submitted to DSS for approval.

Where to Submit Requests:

Requests for authorization of state reimbursement in FY 78/79 rate increases should be sent to:

Kyle S. McKinsey, Deputy Director
Welfare Program Operations
Department of Social Services
744 P Street, M/S 17-08
Sacramento, CA 95814